

## HOW DO I IMPROVE MY CREDIT?

If you have made mistakes or suffered financial hardship in the past, you can improve your credit ~ but it takes time. The following steps will get you back on track:

- ✓ Pay your bills on time (demonstrate good repayment habits)
- ✓ Pay down old balances (reduce current debt)
- ✓ Pay off credit card balances in full each month (limit yourself to a budget)
- ✓ Do not apply for new credit cards (seeking more credit is a negative factor)
- ✓ Pay off and close extra credit card accounts (remove temptation!)
- ✓ If you cannot meet your debt obligations, contact Consumer Credit Counseling Services of Alaska. They will work with you and your creditors to reduce your monthly payments. (800) 478-6501 [www.cccsofak.com](http://www.cccsofak.com)



## WHAT DOES ACPE CHECK?

When you apply for an education loan, ACPE checks your credit to ensure you do not have a history that indicates inability or unwillingness to repay past debt. Reviewing credit histories with a pre-set standard for all applicants ensures that decisions are objective and consistent.

Credit checks are conducted for the Alaska Supplemental Education Loan, the Winn-Brindle Loan, the AlaskAdvantage PLUS loan (for parents,) and the Family Education Loan (for family members.)

Credit review helps minimize the costs of default (borrowers who fail to pay back their loan) and ensures ACPE can continue to offer low-cost education loans to Alaskans into the future. No credit checks are used for either the AlaskAdvantage subsidized or unsubsidized Stafford loans.

## WHAT DOES ACPE REPORT?

Each month, ACPE reports the status of all loans to the credit bureau. Loan accounts that are current in payments will contribute to a good credit history. If payment has not been received on an account for 60 days or more, ACPE will report that account as past due. Repeated instances of a past due status could affect your ability to purchase goods or receive credit from other creditors.

The credit check is an automated process, and ACPE does not maintain individual credit histories. This guarantees your personal privacy.

ACPE checks for the following before approving a loan:

- ✓ accounts with payments currently three months or more past due;
- ✓ unsatisfied liens for delinquent taxes; and
- ✓ accounts referenced to a credit collection agency, if the total of those accounts exceeds \$100.

In addition, based on Alaska statutory requirements, ACPE checks to ensure a borrower is not delinquent in Alaska Child Support obligations and has not previously defaulted on an Alaska Student Loan.

## WHAT IF I AM DENIED A LOAN?

You can apply for a loan from ACPE with a credit-worthy cosigner if your loan has been denied due to your credit history, or contact ACPE for information on loans without credit requirements. When a cosigner is required, additional credit standards may apply, such as minimum credit scores.

While it is a good idea to review your credit report once a year, if your loan

application is denied for credit reasons, you can receive a free copy of your credit report. Review your report carefully, and if you find any errors, report them to one of the credit bureaus below:

**Equifax**  
PO Box 740241  
Atlanta, GA 30374-0241  
(800) 865-1111  
[www.equifax.com](http://www.equifax.com)

**Experian**  
PO Box 2104  
Allen, TX, 75013-2104  
(800) 397-3741  
[www.experian.com](http://www.experian.com)

**TransUnion**  
PO Box 390  
Springfield, PA 19064-0390  
(800) 888-4213  
[www.transunion.com](http://www.transunion.com)

When you contact the credit bureau, be sure to provide:

- ✓ your full name,
- ✓ your birth date,
- ✓ your social security number,
- ✓ your current address,
- ✓ former addresses for the past five (5) years,
- ✓ a photocopy of your Driver's License,
- ✓ a photocopy of your Social Security Card, and
- ✓ a copy of ACPE's denial letter to you.

The credit bureau will research the issue and respond to you within 30 days.

# Understanding Your Credit



**Alaska Advantage Programs**  
Alaska Commission on Postsecondary Education

Federal Lender ID: 826966

3030 Vintage Blvd.  
Juneau, AK 99801-7100

(800) 441-2962 (toll free)  
465-2962 (in Juneau)  
(907) 465-3143 TTY

[www.state.ak.us/acpe](http://www.state.ak.us/acpe)

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## CONSUMER CREDIT AND EDUCATION LOAN ELIGIBILITY

Alaska Commission on Postsecondary Education  
[www.state.ak.us/acpe](http://www.state.ak.us/acpe)



### WHY IS MY CREDIT IMPORTANT?

Your credit history says a lot about you. It illustrates whether you pay your bills on time, and reflects your consumer activity.

As a consumer, you'll find that numerous people are interested in your credit:

- ✓ the auto dealership where you want to finance a vehicle;
- ✓ the cellular phone company who provides you service;
- ✓ the local grocery store where you want to write a check for food; and
- ✓ even your landlord, who wants to know whether you are likely to pay your rent on time.

Each time you try to purchase an item or service with anything other than cash, the seller will want to know whether you are "good for it." Your credit history indicates whether you've been reliable in the past with your debts. Even if you make your scheduled minimum monthly payments, any account balance remains a debt.

Penalties can be stiff when you do not keep up with your debts or spend more than you can afford. It is important that you understand credit and how it can affect your future.



### HOW DO I GET CREDIT?

No credit history is not the same as a negative credit history, and does not reflect badly on you. However, before a seller extends you credit for something "big," such as a home mortgage or a new car, you will generally have to prove yourself responsible by managing smaller debts.

If you rent an apartment and pay utility bills, or are paying off a car, you probably already have a credit history (and may not know it). If you don't pay any regular bills, education loans can help you establish a good credit history. The best thing you can do for yourself is to make sure that you always pay your bills on time.

If you don't have monthly bills, you can start building a credit history by applying for a single credit card issued in your name. Look for a credit company that offers a low interest rate card with a very low balance (\$500, for example.) The low balance will help you keep your spending in control. Because it is easy to lose track of credit card spending, this method of building your credit will require you to be very conscientious and responsible.